

VW Settlement Webinar

November 18, 2016



Overview of Partial Settlement

- On June 28, the United States lodged with the court a settlement that partially resolves allegations that Volkswagen violated the Clean Air Act by the sale of approximately 500,000 vehicles containing 2.0 liter diesel engines equipped with defeat devices
- Finalized on October 25, 2016
- Under this settlement, VW is required to:
 - Buyback or perform an emissions modification on at least 85 percent of the affected vehicles (Appendices A & B)
 - Invest an additional \$2 billion to promote the use of zero emission vehicles and infrastructure (Appendix C)
 - \$2.7 billion to fully remediate the excess NO_x emissions from the affected vehicles (Appendix D)



Appendix C: ZEV Investment

- VW Invests \$2 billion over 10 years
 - \$1.2 billion National ZEV Investment (excludes CA)
 - \$800 million California ZEV Investment
- VW investment plan must advance the use and market penetration of ZEVs, have a high likelihood of utilization, provide accessibility/availability where most needed, and build positive awareness of ZEVs
- VW is required to develop a National Outreach Plan describing how it will solicit input from states, local governments, tribes, & federal agencies



Eligible Investment Types

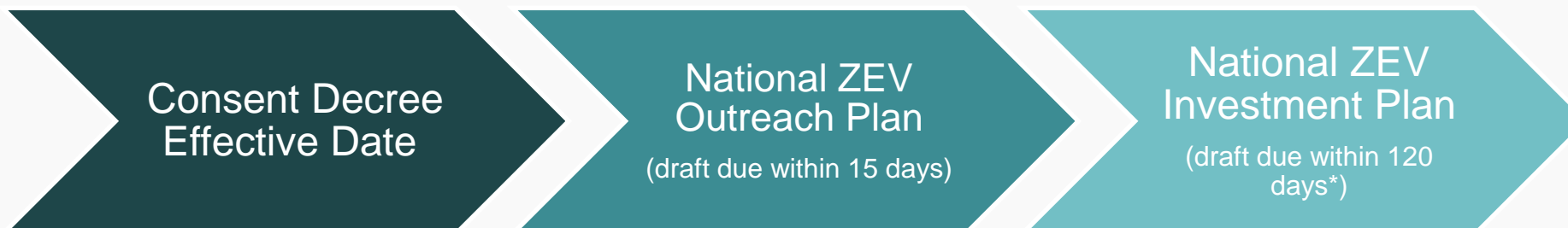
- For the \$1.2 billion National ZEV Investment
 - ZEV infrastructure
 - Level 2 charging at multi-unit dwellings, workplaces, and public sites
 - DC fast charging facilities accessible to all vehicles utilizing non-proprietary connectors
 - Later generations of charging infrastructure
 - Hydrogen or other ZEV fueling stations
 - ZEV Education
 - Brand-neutral education or public outreach
 - To build or increase public awareness of ZEVs
 - ZEV Access
 - Programs to increase public exposure and/or access to ZEVs without requiring the consumer to purchase or lease a ZEV at full market value
 - Carshare and ride hailing services, ride and drives
- \$800 million CA Investment additionally allows investments in:
 - Heavy-duty fueling infrastructure
 - Scrap and replace with ZEV vehicles
 - “Green City” initiative



Process for VW National ZEV Investment

- \$1.2 billion invested in four 30-month cycles, \$300 million each
- For each cycle, VW to submit a draft National ZEV Investment Plan:
 - Description of proposed ZEV Investments, timelines, anticipated creditable costs
 - Explanation of how each investment advances the use and market penetration of ZEVs, has high likelihood of utilization, provides accessibility/availability where most needed, and builds positive awareness
- Upon approval, VW implements the investment plan, with annual reporting on progress.

Timeline for first 30-month VW National ZEV investment Plan



*Draft due 120 days after consent decree is effective or 30 days after close of comments under outreach plan



Appendix D: Mitigation Trust Fund

- Volkswagen will fund a \$2.7 billion mitigation trust fund to fully mitigate the total, lifetime excess NO_x emissions from the 2.0 liter vehicles
- 50 states, DC, Puerto Rico, and federally recognized tribes can become beneficiaries
 - Each beneficiary will receive a specific allocation of funds that can be used for any of the listed eligible mitigation actions
 - The allocation structure is primarily based on the number of registered illegal Volkswagen vehicles within the boundaries of the beneficiary



Timing of Partial Settlement Trust Fund

- October 25: Consent Decree finalized
- May take months to choose Trustee, set up Trust
- “Trust Effective Date” – when the Trustee is formally put in place
- TED + 60 = States certify as Beneficiaries
- States have 90 days after becoming Beneficiary to write Mitigation Plans
- Beneficiaries may have access to funds in mid-2017



Eligible Mitigation Projects

1. Class 8 local freight trucks and port drayage trucks
2. School/shuttle/transit bus
3. Locomotive switchers
4. Ferries/tugboats
5. Ocean going vessels shorepower
6. Class 4-7 local trucks
7. Airport ground support equipment
8. Forklifts and cargo handling equipment at ports
9. Light duty ZEV supply equipment (up to 15% of allocation)

DERA Option (#10)

- Option to use Trust Funds for actions not specifically listed but otherwise eligible under DERA
- Beneficiaries may use Trust Funds for their DERA non-federal voluntary match
- State and tribal DERA grants only



DERA Option- States

- Trust funds can be used to match the EPA base funding for State DERA grants
 - Example A:
 - State's DERA allocation in FY2017 is ~\$200,000
 - State uses \$200,000 in Trust funds as the 1:1 voluntary non-Federal match
 - State bonus is 50% of the base amount \$100,000
 - Total State grant is \$500,000
 - State will receive - \$300,000 from DERA and \$200,000 from the Trust
- Trust funds can be greater than the 1:1 voluntary match above
 - Example B:
 - State's DERA allocation in FY2017 is ~\$200,000
 - State may use a larger amount - \$1,000,000 in this example - in Trust funds
 - State bonus DERA amount of \$100,000
 - State's DERA Clean Diesel Grant program for FY2017 would be \$1.3 million
 - - \$300,000 from DERA and \$1,000,000 from the Trust.
- Timing of DERA State FY2017 grants will not match up with availability of trust funds
 - Grantees can add voluntary funds (trust funds) later to FY2017 grants or wait until FY2018 grants



DERA Option- Tribes

- Federally recognized Tribes can become Beneficiaries
- Tribes can implement Eligible Mitigation Actions 1-9 directly with the Trustee or utilize the “DERA Option”
- DERA Option: Trust funds can be used as a voluntary match for grants for the DERA Tribal RFP
 - Trust funds cannot be used for mandatory cost-shares
- Tribes submit a *Notice of Intent to Participate* in DERA by Sept 1 each year
 - These notices “reserve” funds for the Tribe
 - Tribes apply to DERA Tribal RFP incorporating these “reserved” funds
 - Winning applications are awarded as DERA tribal grants
 - Funds reserved for non-winning applications revert to the Tribal allocation
- DOJ is responding to Tribal Consultation



Timeline for DERA Option Implementation

Fall 2016	<ul style="list-style-type: none">• Prepare guidance/info for states and tribes• Outreach to potential beneficiaries
Winter 2017	<ul style="list-style-type: none">• State DERA grant program launches*• Possible Trust Effective Date**
Spring 2017 and beyond	<ul style="list-style-type: none">• States certify as beneficiaries• States submit Beneficiary Mitigation Plan• Adjust DERA Tribal RFP timing as needed• Assist states and tribes using DERA option

*Dependent up DERA Reauthorization and/or 2017 Appropriation

**Trust Effective Date may be later, pushing timeline back



Questions...

- Resources on the DERA Option:
 - cleandiesel@epa.gov
 - 1-877-623-2322
 - www.epa.gov/cleandiesel
 - VW DERA Option web page
 - Fact sheet
 - State and Tribal program guidance